

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY PANAMA

C O N F I D E N T I A L STATE 113496

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E.O. 11652:GDS

TAGS: PEPR, PN

SUBJECT:PERIODIC ACTIVITIES REPORT

1. FOLLOWING HIATUS SINCE MARCH 3, WE ARE NOW RESUMING PERIODIC REPORTS TO EMBASSY ON DEVELOPMENTS WITHIN USG IN WASHINGTON INVOLVING US-PANAMANIAN RELATIONS. THIS REPORT SUMMARIZES ACTIVITIES UNDERWAY AS OF MAY 1.

2. PRESIDENTIAL VISIT. ON APRIL 28 THE WHITE HOUSE ANNOUNCED THAT PRESIDENT CARTER WILL VISIT PANAMA JUNE 16-17 TO "SIGN THE PROTOCOL CONFIRMING THE EXCHANGE OF THE DOCUMENTS RATIFYING THE PANAMA CANAL TREATIES". PREPARATION OF BRIEFING PAPERS FOR THE VISIT IS UNDERWAY. IN ADDITION, WE HAVE RECEIVED SOME PRELIMINARY SUGGESTIONS REGARDING A PROGRAM FROM AMBASSADOR LEWIS. WE WILL BE CONSULTING WITH EMBASSY PANAMA ON PLANNING FOR THE TRIP AS FURTHER INFORMATION BECOMES AVAILABLE.
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3. EXCHANGE OF RATIFICATIONS. DEPARTMENT HAS PREPARED DRAFT TEXTS OF INSTRUMENT OF RATIFICATION OF CANAL TREATIES, TOGETHER WITH ACCOMPANYING PROTOCOL TO BE SIGNED BY U.S. AND PANAMA. THESE TEXTS WILL BE DISCUSSED WITH GOP DURING VISIT TO PANAMA MAY 1-4 BY GROUP OF STATE AND DEFENSE

REPRESENTATIVES HEADED BY AMBASSADOR POPPER. TO COMPLY WITH BROOKE RESERVATION TO PANAMA CANAL TREATY, EXCHANGE, THOUGH SIGNED AT TIME OF PRESIDENTIAL VISIT TO PANAMA, WOULD NOT BECOME EFFECTIVE UNTIL LATER DATE. IN AN APRIL 27 LETTER, SENATOR BROOKE HAS EXPRESSED RESERVATIONS ABOUT HAVING THE EXCHANGE TAKE PLACE DURING THE PRESIDENTIAL VISIT OR ANY TIME PRIOR TO MARCH 31, 1979. SENATOR MCCLURE (R-IDAHO) HAS ALSO WRITTEN TO EXPRESS CONCERN ABOUT AN EARLY EXCHANGE WITH PANAMA.

4. TREATY IMPLEMENTATION

A. OVERALL PLAN. ARA/PAN HAS PREPARED COMPREHENSIVE OUTLINE OF ACTIONS REQUIRED TO IMPLEMENT PANAMA CANAL TREATIES. THIS PAPER IS NOW BEING FORWARDED FOR COMMENT TO OTHER OFFICES WITHIN DEPARTMENT AND TO EMBASSY.

B. OMB STUDY ON CANAL COMMISSION. STATE DEPARTMENT COMMENTS ON THIS STUDY WENT TO OMB ON APRIL 19, INCLUDING DEPARTMENT RECOMMENDATION THAT STUDY BE REVISED TO INCLUDE PROPOSAL FOR ESTABLISHMENT OF WASHINGTON INTER-AGENCY COMMITTEE TO PROVIDE POLICY GUIDANCE FOR COMMISSION. FOLLOWING FINAL OMB REVIEW, STUDY WILL GO TO PRESIDENT FOR DECISION. OTHER UNRESOLVED ISSUES RAISED IN STUDY ARE (1) DESIGNATION OF DOD OR DOT AS OVERSIGHT AGENCY FOR COMMISSION AND (2) PROCEDURE FOR SELECTION OF BOARD MEMBERS. CONFIDENTIAL

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BERS.

C. LEGISLATION. INTER-AGENCY CONSIDERATION OF DRAFT IMPLEMENTING LEGISLATION IS PROCEEDING, WITH NEXT STEP TO BE REVIEW BY OMB. UNRESOLVED ISSUES INCLUDED (1) INVESTMENT OF COMMISSION CASH BALANCES IN INTEREST-BEARING TREASURY ACCOUNTS, (2) SOURCE OF RETIREMENT FUNDS TO BE TRANSFERRED TO PANAMANIAN SOCIAL SECURITY SYSTEM, (3) AMBASSADOR'S COORDINATING AUTHORITY VIS A VIS CANALCOMMISSION, (4) BENEFITS FOR SMITHSONIAN EMPLOYEES, AND (5) DETAILS OF IMMIGRATION PROVISIONS. NO TARGET DATE HAS BEEN SET FOR SUBMITTING LEGISLATION TO CONGRESS. HOWEVER, HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE IS CONSIDERING HEARINGS IN WASHINGTON AND CANAL ZONE THIS SUMMER. COMMITTEE HAS INDICATED CHAIRMAN MURPHY WILL PROBABLY INTRODUCE HIS OWN BILL, WHICH WOULD BE CONSIDERED ALONG WITH ADMINISTRATION BILL AND EARLIER BILL SUBMITTED BY REP. HANSEN (R-IDAHO).

D. PRISONER EXCHANGE AND IMMIGRATION. IN ANTICIPATION OF NEGOTIATION OF PRISONER EXCHANGE AGREEMENT CALLED FOR IN ARTICLE 9 OF PANAMA CANAL TREATY, CA DEPUTY ASST. SECY.

DEWITT WILL BRIEF GOP OFFICIALS ON EXISTING AGREEMENTS WITH MEXICO CANADA, AND BOLIVIA DURING HIS VISIT TO PANAMA MAY 2-7. HE WILL ALSO BE CONSULTING EMBASSY PANAMA ABOUT CONSULAR STAFFING REQUIREMENTS UNDER PROPOSED IMMIGRATION PROVISIONS OF TREATY IMPLEMENTING LEGISLATION.

5. PANAMA CANAL BOARD MEETING. AT REGULAR QUARTERLY MEETING APRIL 25 PANAMA CANAL COMPANY BOARD OF DIRECTORS DISCUSSED EXISTING PANAMANIAN GOVERNMENT DEBTS TO COMPANY IN LIGHT OF SUGGESTIONS FOR SETTLEMENT WHICH GOP HAD COMMUNICATED TO EMBASSY PANAMA. WE ARE NOW DEVELOPING INSTRUCTIONS TO EMBASSY FOR RESPONSE TO GOP. OTHER CONCERNS EXPRESSED AT BOARD MEETING RELATED TO A) DEFORESTATION OF WATERSHED AREA AND B) TREATMENT OF CONFIDENTIAL

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DUAL NATIONALS.

6. GOP BONDS. ON APRIL 10 DEPARTMENT RECEIVED PANAMANIAN EMBASSY NOTE TRANSMITTING GOP PLANNING MINISTER BARLETTA'S ASSURANCE THAT UNDER NEW TREATIES GOP WOULD CONTINUE TO DESIGNATE FUNDS FROM GOP CANAL ANNUITIES FOR DEPOSIT IN U.S. BANKS TO SERVICE OUTSTANDING GOP BONDS. A U.S. RESPONSE TO THE PANAMANIAN NOTE IS IN PREPARATION.

7. POSSIBLE OAS RESOLUTION. AMBASSADOR LEWIS AND, SUBSEQUENTLY, PANAMANIAN OAS AMBASSADOR PITTI HAVE ADVISED DEPARTMENT OF GOP'S INTEREST IN OAS RESOLUTION AFFIRMING PRINCIPLE OF NON-INTERVENTION AS REGARDS NEW CANAL TREATIES. IN MEETING WITH AMBASSADORS POPPER AND MCGEE APRIL 25 PITTI PRESENTED PROPOSED TEXT OF OAS COUNCIL RESOLUTION. AS RESULT OF THIS DISCUSSION, PITTI SAID GOP WAS PREPARED TO ACCOMODATE US DESIRE TO DEFER ANY OAS ACTION UNTIL AFTER PRESIDENTIAL TRIP TO PANAMA. OASGA (JUNE 21-30) MIGHT BE SUITABLE FORUM. CHRISTOPHER

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